

# ANNUAL PERFORMANCE PLAN 2023/24

## Mackay Waste Services

A Commercial Business Unit of Mackay Regional Council



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## Introduction

This Annual Performance Plan (APP) presents the business objectives and targets that will guide Mackay Waste Services (hereinafter Waste Services) performance over the 2023/24 financial year.

Waste Services is one of two Commercial Business Units (CBU) of Water and Waste Services within the Engineering and Commercial Infrastructure Directorate of Mackay Regional Council (council). Waste Services is responsible for the delivery of waste and resource recovery services for the regional community within the Local Government Area.

The *Local Government Act 2009* (the *Act*) and the *Local Government Regulation 2012* (the *Regulation*) govern the operation of business units run by local governments.

### Key Principles of a Commercial Business Unit

Waste Services conducts business by adhering to the key principles of commercialisation as per Section 28 of the *Regulation*, namely having:

- clarity of objectives
- management autonomy and authority (governance)
- accountability for performance
- competitive neutrality.

Section 19 of the *Local Government Regulation 2012* states the thresholds for waste activities are:

- for any other business activity - expenditure of at least \$9.7m for the financial year as of June 30 of the financial year ending immediately before the current financial year.

Section 175 of the *Local Government Regulation 2012* states the annual operational plan for a local government must:

- be consistent with its annual budget; and
- state how the local government will:
  - (i) progress the implementation of the five-year corporate plan during the period of the annual operational plan; and
  - (ii) manage operational risks; and
- include an annual performance plan for each commercial business unit of the local government.

## Inclusions of an Annual Performance Plan

An APP for a CBU is a document stating the following for the financial year:

- unit's objectives
- nature and extent of the significant business activity the unit is to conduct
- unit's financial and non-financial performance targets
- nature and extent of the community service obligations the unit must perform
- cost of, and funding for, the community service obligations
- unit's notional capital structure and treatment of surpluses
- unit's proposed major investments
- unit's outstanding and proposed borrowings
- unit's policy on the level and quality of service consumers can expect
- delegations necessary to allow the unit to exercise autonomy in its commercial activities
- type of information that the unit's reports to the local government must contain.

A local government may omit information from the copies of the annual performance plan made available to the public if:

- the information is of a commercially sensitive nature to the commercial business unit; and
- the information is given to each of the local government's councillors.  
*Note – See also Section 171 (Use of information by councillors) of the Act.*

The local government may change an annual performance plan for a commercial business unit at any time before the end of the financial year.

The *Regulation* requires the CBUs performance to be monitored by the local government against performance targets mentioned in the APP.

## Our Commitment

### Purpose and Vision

As a CBU of Mackay Regional Council, Waste Services shares council's purpose and vision:

***'To create the opportunity to thrive. To become the best region for liveability and livelihood'***

Our objective is to be an innovative waste service provider that is recognised for its commercial performance, provides regional leadership, has the respect of its clients and industry regulators and prides itself on sustainability.

### Values

Our objectives in delivering outcomes for the community are governed by our values:

- Safety and Wellbeing
- Respect
- Working Together
- Service Excellence
- Integrity

## Objectives

### Commercial Business Unit Objectives

Waste Services is committed to minimising waste and achieving sustainable waste management practices through the implementation and management of integrated waste strategies in the Mackay region, and to:

- achieve excellence in financial and human resource management and safe work practises
- engage with our community and consistently meet our customer services standards
- create an engaged and high performing team culture with the aim to have the right people in the right roles with the right skills and knowledge to deliver on the vision
- manage the income and expenditure in a fiscally responsible and sustainable way
- create systems and procedures that assure responsive delivery, quality, and data-driven decision making
- deliver the best whole of life outcome decisions for the region's assets to meet customer service standards into the future
- ensure all operations and activities are undertaken in compliance with our regulatory obligations.

## Significant Business Activity

### Nature of Business

Waste Services is a significant business activity under the *Local Government Act 2009*, responsible for:

- waste and recyclable collection services
- processing of recyclables
- transfer station management and operations
- landfill and haulage management and operations
- green waste processing
- resource recovery operations
- legacy waste management
- landfill gas management.

In delivering waste services, the following range of activities are undertaken:

- contract management
- strategic procurement
- project management (including asset delivery coordination)
- preventative and reactive maintenance
- compliance monitoring
- strategic waste management planning including financial modelling
- customer management.

## Extent of Business

Waste Services provides a range of waste related services to internal and external customers servicing 3.9 million residential, general waste and recycling bins each year. The region covers an area of 7,622 square kilometres, from north of Bloomsbury to south of Koumala and extends past Eungella to the west. The population within the council area was estimated at 125,162 as of June 30, 2022 (ABS).

The scope of high-level services provided to external customers is as follows:

- kerbside waste and recyclables collection
- transfer station operations
- green waste collection station operations
- Materials Recovery Facility (MRF) operations
- resource recovery operations
- landfill operations
- environmental monitoring and management
- waste and recycling education
- landfill gas management.

The scope of services provided to internal customers is as follows:

- development approval referrals
- event bin management
- waste audits
- waste education.

## Scope of Existing Assets

Waste Services manages a significant portfolio of waste assets, with a replacement value of \$101M, and a forecast carrying value of \$47M as of 30 June 2022.

Asset Category		Quantity
Landfill	Active	1
	Inactive (legacy)	20
Disposal Facilities	Waste Management Centre	1
	Transfer Stations	9
	Green Waste Only Facility	2
Recyclate Receivals	Material Recovery Facility	1
	Resource Recovery Facility	1

## Financial and Non-Financial Performance Targets

### Financial Performance Targets

Section 25 of *the Regulation* advises a CBU that is applying full cost pricing to a significant business activity must comply with the tax equivalents manual.

Indicator	Explanation	Target	23/24 Budget
Financial management – Net Operating Result	Operational revenue and expenditure (actual to budget). Comparison of the actual net operation result with the budgeted net operating result.	+/-5% of adopted budget	
Operating Surplus Ratio	Indicates the extent to which revenue (utilities charges, fees & charges etc) raised cover operational expenses (employee, material & services, depreciations & loan interest payments) which is then available for capital funding or other purposes. It represents % of profit each \$ of revenue generates. A higher rate is an indication of a high capital funding requirement in the future years.	0% to 10%	25.8%
Sustainability Ratio	<p>The Asset Sustainability Ratio Percentage (ASRP) is an indicator used to understand if the current level of investment in the asset base will allow for the sustainable provision of services into the future. An ASRP value of 80-110% is a typical target for an infrastructure service provider and is indicative of an appropriate level of investment to ensure that service provision is sustainable in the longer term. An ASRP value of less than 80% can indicate underinvestment in infrastructure and if observed over an extended period is likely to be a lead indicator for a reduction in service levels. An ASRP value of greater than 110% can indicate over investment in infrastructure and presents an opportunity for a service provider to review the cost and level of service provided.</p> <p>The ASRP for Waste Services figures indicates that underinvestment may be occurring however the expenditure profile for Waste Services infrastructure is by nature highly variable with a comparatively small number of large value assets that require periodic major investment. The Waste Services asset base is also characterised by a number of assets that will not require renewal but will require ongoing rehabilitation (e.g., Closed Landfills). These factors result in an overall lowering of the ASRP for Waste Services assets. It is considered that the current ASRP is appropriate but will continue to be monitored over time.</p>	>90%	11.6%
Debt Service Cover Ratio	The interest coverage ratio is a measure of an entities ability to honour its debt payments.	>2 times	4.1 times
Total Distribution to MRC - Dividends - Tax	Paid to Owner (MRC) from after tax profits, in accordance with the Competitive Neutrality principles contained in Local Government Act 2009		\$3.2M

## Non-Financial Performance Targets

Waste Services aims to provide a customer experience consistent with its Customer Service Charter and the Non-Financial Performance Indicators defined below.

Category	Waste Service Standards and Targets
Customer Response Times	Repair or replacement of bin upon customer request by next collection day
	Provision of new bins for a new standard service request within 3 business days
Deliver Essential Services	Waste Collection Service – once a week
	Recyclable Collection Services – once a fortnight
	Collection of bins on scheduled service day – aim to have one or less missed kerbside bin per 5,000 services per month
	Waste Disposal facilities open on published days and operating times – 100% compliance
Education and Community	Perform 70 waste minimisation education sessions per annum at the MRF, in schools and the community each year
	Conduct a minimum of 5 MRC registered sites for 2023 Great Northern Clean Up
Safety	Zero lost time injuries recorded



## Community Service Obligations

### Nature and Extent of Service Obligations

Section 24 of *the Regulation* defines a Community Service Obligation (CSO) as 'an obligation the local Government imposes on a business entity to do something that is not in the commercial interests of the business entity to do'. A summary of the CSOs is included in council's annual report in accordance with *the Regulation*.

### Cost of and Funding for Service Obligations

A CSO is treated as an expense for the activity of an amount equivalent to the cost of carrying out the obligation less any revenue arising from carrying out the activity.

The services provided by Waste Services, for which a Community Service Obligations (CSO) credit is provided by council for various waste services to not-for-profit Community Organisations. Council will be charged on actual avoidable costs incurred by Waste Services, where applicable.

The CSOs of Waste Services for the 2023/24 financial year are 100% funded by council.

CSO description	23/24 Budget
Waste concession, and disposal for charity and non-profit entities, clean-up events	\$39,098.04
<b>Total</b>	<b>\$39,098.04</b>

## Financial Management

In accordance with section 169 (3) of *The Regulation*, council's budget must include the estimated costs for the local governments significant business activities carried on using a full cost pricing basis.

### Notional Capital Structure and Treatment of Surpluses

As a wholly owned CBU of council, Waste Services' notional capital structure is via 100% equity funding from council.

A portion of any surplus earned by the business unit is returned as a dividend to council as a return on their investment. This return is in recognition that business units have been established to further the good governance of the region.

Funds earned by council through dividends are utilised to provide enhanced services and infrastructure to the Mackay region. The remaining surplus is retained by the CBU to fund future planned capital investments in the business unit. Waste Services planned capital and operational projects are delivered with agility in line with our business needs.

### Proposed Major Investments

Major capital works for Waste Services are set out in council's annual budgeted capital expenditure program adopted in June each year. Investments planned for the 2023/24 year include:

- Paget Transfer Station and Material Recovery upgrades
- Technology solution implementation for new voucher system
- Landfill Remediation Business Cases - Bucasia, Far Beach, Koumala, Grendon Street
- Landfill Cell 4 Business Case and Design - Hogans Pocket
- Leachate Evaporation Plant Business Case.

### Outstanding and Proposed Borrowings

Council will operate a central treasury function. It will provide working capital as required, as well as providing loans through Queensland Treasury Corporation. The projected debt structure for 2023/24 is provided below:

Loans Balances	\$M
Balance as at 30/6/22 (Actual)	9.84
Balance as at 30/6/23 (Forecast)	7.61
Balance as at 30/6/24 (Budget)	5.23

## Customer Service Standards

Waste Services is committed to delivering excellent customer service, environmental management, and efficient operation. The Waste Customer Service Charter forms part of our commitment by outlining the acceptable guidelines for the delivery of service within our community. The charter applies to household waste to comply with regulatory standards and provide solid waste and resource recovery services to our customers.

### Level and Quality of Service

Waste Services aims to provide a customer experience consistent with its Customer Service Charter and the non-financial performance indicators defined in the APP. A variety of methods are used to evaluate customer needs and analyse customer satisfaction including customer feedback and surveys. The Waste Customer Charter informs customers of the service they can expect to receive from Waste Services and the processes for interacting with customers including billing, customer consultations, complaints, and dispute resolution.

The Customer Service Charter details the services and opening hours of operation provided across the Waste Management Centre, the nine rural transfer stations and two green waste facilities.

Service standards will not apply during periods of declared natural disasters, for example cyclones, until as soon as practicable after the affected normal services have been restored. During an emergency or natural disaster Mackay Waste Services will endeavour to maintain services depending on availability of resources and the severity of the event.

The Customer Service Standard is found on the Waste page of the council website [here](#).

## Delegated Authorities

Delegations are provided to exercise autonomy and function of the council in respect to the CBU and its commercial activities.

### Legislative Delegations

Legislative Delegations are in accordance with the *Local Government Act 2009*, *Public Health Regulation 2018*, *Waste Reduction and Recycling Act 2011 (Qld)*, *Environmental Protection Act 1994 (Qld)* and *National Waste Policy 2018*

The Register of Delegations are maintained by Mackay Regional Council's Corporate Governance function and are available on council's intranet or for inspection via request by the general community.

### Administrative Delegations

Administrative Delegations applicable to the Chief Operating Officer Water and Waste Services include:

Administrative Delegations	MRC Doc ID
Delegation to recruit, select, train and discipline employees.	ADEL02
Delegation to waive fees and charges	ADEL04
Delegation to sign documentation and general correspondence on behalf of the business unit	ADEL09
Financial Delegation - Authority to incur expenditure on behalf of the business unit	ADEL11
Delegation to execute contracts and expenditure	ADEL24
Authority to make a decision on Complaint Referrals from the Queensland Ombudsman	ADEL34
Authority to write off bad debts as per Debt Recovery Policy (limits apply)	ADEL51
Authority to approve the insurance requirements on behalf of MRC in accordance with the Insurance Coverage Policy (limits apply)	ADEL63

## Reporting

Waste Services reports against the financial and non-financial targets contained in the APP through several different mechanisms. The reporting framework can be divided into those corporate reporting functions required to meet the key principles of commercialisation as defined in the *Regulation*, along with a broad range of regulatory reports required of a waste service provider.

### Corporate Framework Reporting

Corporate performance reporting requirements include:

Internal Reporting Requirements	Reporting Frequency		
	Monthly	Quarterly	Annually
MRC Corporate Plan (5-year)			✓
MRC Operational Plan			✓
Program Plans			✓
Annual Performance Plan			✓
Budget – Annual Financial Statements			✓
Annual Report			✓
Business Continuity Plan - Emergency Management			✓
Corporate Performance Progress Reporting – Directorate Action Register		✓	
Financial Performance Reporting	✓		
Directorate Reports including: Performance against Customer Service Standards and Key Performance Indicators	As Required		

## State and Federal Legislative and Regulatory Reporting

Waste Services reports to various State and Federal agencies in accordance with legislative requirements including those as identified below. Associated regulatory reporting documentation is available on the Waste page of the council website [here](#).

External Report Requirements	To	Frequency
Queensland Waste Data System (QWDS)	DES	Monthly
Annual State of Waste and Recycling in Queensland Survey	DES	Annually
Waste Management Development Annual Return	DES	Annually
National Greenhouse and Energy Reporting Scheme (NGERS)	CER/DCCEEW	Annually, if required
Annual Performance Plan in accordance with Local Government Regulation 2012	Adopted by Council	Annually
Local Government Comparative Report	DLGRMA	Annually
National Pollution Inventory (NPI)	DCCEEW	Annually
Environmental Incident Reporting associated with Waste Management Development Permits	DES	As required

Glossary:

CER: Clean Energy Regulator

DCCEEW: Department of Climate Change, Energy, the Environment and Water

DES: Department of Environment and Science

DLGRMA: Department of Local Government, Racing and Multicultural Affairs

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